

VIA EMAIL

September 11, 2020

The Honorable Jocelyn Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Actions in Response to COVID-19 Docket No. 2020-106-A; Application of Dominion Energy South Carolina, Incorporated for Adjustment of Rates and Charges, Docket No. 2020-125-E

Dear Ms. Boyd:

Please accept the following comments to the Public Service Commission of South Carolina ("PSC" or "Commission") regarding the above-referenced dockets on behalf of the Charleston Local Chapter of Democratic Socialists of America ("CDSA"). CDSA is a member-funded advocacy organization with more than 160 current dues-paying members in the following counties: Charleston, Dorchester, Berkeley, and Colleton.

In its Aug. 14 Application in Docket No. 2020-125-E, Dominion Energy South Carolina ("DESC" or "Company") has proposed to increase electric service rates by \$178 million, or 7.75%, effective January 2021.¹ Additionally, on June 22, the Company indicated that it plans to resume disconnections for non-payment, as well as its temporary waiver of late-payment fees, on Sept. 14, 2020.²

Many of CDSA's members are DESC customers and would directly experience unreasonable negative impacts if the PSC were to approve the Company's request to raise electric service rates. Furthermore, many of our members have faced significant financial hardship due to COVID-19, and would face severe harm, including potential homelessness, if DESC is allowed to proceed with its irresponsible plan to resume service disconnections for non-payment in the midst of an ongoing deadly pandemic that has caused an unprecedented economic crisis in our community.

¹ Dominion Energy South Carolina. "Application of Dominion Energy South Carolina, Incorporated for Adjustment of Rates and Charges." Docket No. 2020-125-E. Aug. 14, 2020.

<https://dms.psc.sc.gov/Attachments/Matter/a2e12420-9348-4170-abe9-e5f640c8c039>

² Dominion Energy South Carolina. "Actions in Response to COVID-19 Docket No. 2020-106-A Notice of Planned Return to Normalized Operations and Notice of Special Installment Plan." Docket No. 2020-106-A. June 22, 2020.

<https://dms.psc.sc.gov/Attachments/Matter/b6d43fd0-a101-4692-9eca-96199d32d202>

CDSA recommends that the Commission deny the entirety of the \$178 million rate increase proposed by DESC in Docket No. 2020-125-E. We also recommend that the PSC direct the Company to extend the measures it has taken in response to COVID-19, including the moratorium on disconnections for non-payment and waiver of late fees, until low-income ratepayers' ability to pay has returned to its level prior to the pandemic.

Resuming disconnections and raising rates would only exacerbate the economic crisis gripping our state, and it could also impede communities' critical efforts to slow the spread of COVID-19 by driving up homelessness and taking away electric service that is absolutely essential for participating in today's increasingly virtual workforce and ensuring access to safe public education for our kids. Many of CDSA's members are teachers and are deeply concerned about the impact that unaffordable electric bills and disconnections will have on their students' ability to participate in the new virtual education options that are critical for protecting high-risk communities from COVID-19.

Based on our examination of the Company's rate Application and supporting exhibits, as well as other relevant data sources, CDSA believes that neither resuming disconnections nor raising rates are necessary nor prudent actions at this time for the continuation of reliable electric service and the proper balancing of the interests of all affected stakeholders based on the PSC's statutory mandate. DESC's proposals to raise rates and resume disconnections would lead to an unacceptable and unprecedented number of disconnections; would be grievously detrimental to the state and local economy; would violate fundamental principles of utility ratemaking in ways that would cause direct harm to customers and the public good, including the "ability-to-pay" principle and the "diffusion-of-benefits" principle; and should, therefore, be rejected by the PSC.³

DESC's customers are continuing to experience an escalating level of financial hardship due to COVID-19, and there is no indication that it will subside prior to disconnections resuming Sept. 14 or rates increasing effective January 2021, as proposed by the Company. Our nation is approaching 200,000 deaths due to COVID-19,⁴ and we just saw the largest quarterly drop in gross domestic product (GDP) in US history, at 32.9% in the second quarter of 2020, roughly four-times greater than the worst decline during the Great Recession.⁵ According to a recent

³ Bonbright, James C. *Principles of Public Utility Rates*. New York, Columbia University Press, 1961. See page 111.

<https://www.raponline.org/wp-content/uploads/2016/05/powellgoldstein-bonbright-principlesofpublicutilityrates-1960-10-10.pdf>

⁴ Centers for Disease Control and Prevention. *Provisional Death Counts for Coronavirus Disease 2019 (COVID-19)*. Note that US deaths associated with COVID-19 were reported as 178,670 for the period of Feb. 1, 2020, through Sept. 5, 2020. Accessed Sept. 11, 2020.

<https://www.cdc.gov/nchs/nvss/vsrr/covid19/index.htm>

⁵ Horseley, Scott. "3 Months Of Hell: U.S. Economy Drops 32.9% In Worst GDP Report Ever." *National Public Radio*. July 30, 2020.

<https://www.npr.org/sections/coronavirus-live-updates/2020/07/30/896714437/3-months-of-hell-u-s-economy-worst-quarter-ever>

study by consulting firm Stout Risius Ross, LLC that was highlighted by NBC News, 52% of renters in South Carolina are unable to pay their rent, with an estimated \$275 million rent shortfall.⁶ This places South Carolina among the worst impacted states in the nation, with only Louisiana and Mississippi faring worse.

Families who are unable to pay rent are also unable to pay utility bills. It would be a monumental dereliction of the PSC's legal responsibility to protect consumers and the public good if the Commission were to give a controversial out-of-state corporate utility carte blanche to disconnect up to half of renters, as well as thousands of homeowners and small businesses, during a nationwide emergency. Customers have already felt enough pain and outrage following the V.C. Summer scandal, and there isn't a lot of public sympathy for boosting shareholder profits for Dominion Energy on the backs of our struggling neighbors.

As announced by the White House on Sept. 1, the Centers for Disease Control and Prevention ("CDC") have issued a nationwide halt on evictions until Dec. 31, following an executive order by President Donald Trump.⁷ The CDC noted in its order that the impending surge of newly evicted homeless people across the country would worsen the spread of COVID-19 as they rush to already overburdened group shelters, where the "ability of these settings to adhere to best practices, such as social distancing and other infection control measures, decreases as populations increase."⁸ A few days prior to the CDC order, the Department of Housing and Urban Development ("HUD") extended its eviction moratorium for homeowners to Dec. 31.⁹ These extraordinary measures demonstrate that the federal government recognizes the need for emergency action to address the pandemic and the catastrophic housing crisis we will face as a nation in the coming months. CDSA believes the PSC should take its responsibility seriously to respond with comparable emergency measures as needed to prevent widespread disruption of essential utility services.

Prior to the COVID-19 pandemic, the Charleston area was already struggling with very high eviction rates, with North Charleston having the highest eviction rate of any municipality in the

⁶ McCausland, Phil. "Evictions in South Carolina signal housing crisis for renters nationwide as homelessness looms." *NBC News*. Aug. 10, 2020.

<https://www.nbcnews.com/news/us-news/evictions-south-carolina-signal-dire-straits-renters-nationwide-homelessness-looms-n1236224>

⁷ White House, United States. "President Donald J. Trump Is Working to Stop Evictions and Protect Americans' Homes During the COVID-19 Pandemic." Sept. 1, 2020.

<https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-working-stop-evictions-protect-americans-homes-covid-19-pandemic/>

⁸ Centers for Disease Control and Prevention, US Department of Health and Human Services.

"Temporary Halt in Residential Evictions To Prevent the Further Spread of COVID-19." Sept. 4, 2020.

<https://www.federalregister.gov/documents/2020/09/04/2020-19654/temporary-halt-in-residential-evictions-to-prevent-the-further-spread-of-covid-19>

⁹ US Department of Housing and Urban Development. "FHA Extends Foreclosure and Eviction Moratorium for Homeowners through Year End." Aug. 27, 2020.

https://www.hud.gov/press/press_releases_media_advisories/HUD_No_20_134

US.¹⁰ After unaffordable rent, the second-highest cause of homelessness nationwide is utility disconnections, and many people who struggle to pay utility bills report going without food and medical treatment.¹¹ Disconnections also often cause parents to lose custody of their children to the state or sometimes abusive former partners.

Many homeowners are also struggling with mortgage payments and other basic housing expenses due to COVID-19, and small businesses in Charleston's tourist industry that have barely survived the pandemic could go bankrupt when electric rates are hiked up in the January off-season, especially with DESC proposing that such a large portion of the increase be implemented in the form of fixed charges that don't go down with reductions in usage.

If DESC not only resumes disconnections in the middle of hurricane season, but then also raises rates at the same time thousands of families will be facing potential eviction upon the Jan. 1 expiration of the CDC and HUD eviction moratorium orders, it will cause extreme economic hardship for our members and the Charleston community at large. CDSA is concerned that PSC approval of the Company's proposals could directly cause a shockingly large increase in the Charleston area's homeless population, with no available shelter space and a disturbing pattern of abusive enforcement efforts against the large groups of people who have been squatting outdoors in "tent cities," hidden in some of the few remaining wooded lots in an urban tourist destination brimming with empty vacation properties and vacant luxury condos.¹²

Because so many customers are clearly unable to pay even their existing electric rates during the COVID-19 pandemic and associated economic crisis as discussed above, allowing the Company to raise rates and resume disconnections at this time would lead to an unacceptable and unprecedented number of disconnections, and would be in violation of the "ability-to-pay" principle of utility ratemaking.¹³

¹⁰ Alani, Hannah. "Eviction rates in North Charleston, Columbia some of the highest in U.S., study says." *Post and Courier*. April 11, 2018. Updated March 13, 2020. https://www.postandcourier.com/news/eviction-rates-in-north-charleston-columbia-some-of-the-highest-in-u-s-study-says/article_bebe69e2-3cd3-11e8-b412-331e6a815e34.html

¹¹ National Consumer Law Center. "Juggling Basic Necessities and the Dire Consequences of Unaffordable Energy." May 2014.

https://www.nclc.org/images/pdf/special_projects/climate_change/ib-energy-affordability-2014.pdf

¹² Dennis, Rickey Ciapha, Jr. and Fleming Smith. "Frustrated with North Charleston's homelessness issue, community works to address epidemic." *Post and Courier*. July 30, 2020. Updated Aug. 26, 2020. https://www.postandcourier.com/news/frustrated-with-north-charlestons-homelessness-issue-community-works-to-address-epidemic/article_e31be7a6-d010-11ea-877a-2f0babfa80d4.html#:~:text=According%20to%20U.S.%20Department%20of,a%20shelter%20of%20some%20kind

¹³ Bonbright, James C. *Principles of Public Utility Rates*. New York, Columbia University Press, 1961. See page 111. <https://www.raonline.org/wp-content/uploads/2016/05/powellgoldstein-bonbright-principlesofpublicutilityrates-1960-10-10.pdf>

The foundation of our modern economy depends on universal electric service as a public good, and electrification efforts like Santee Cooper and the Tennessee Valley Authority historically transformed life in rural areas and small towns, largely by opening the way for economic investment. In the Internet age, no large employers will want to set up shop in a state that has decided to go backward on the infrastructural necessity of universal electric service. South Carolina also depends on electronic communications for emergency announcements such as mandatory hurricane evacuations, and public safety could be gravely endangered by a large, sudden increase in electric service disconnections.

Because universal electric service is a public good with benefits accruing beyond those who directly receive service, allowing the Company to take such actions that will cause a precipitous reduction in service would be in violation of the “diffusion-of-benefits” principle of utility ratemaking.¹⁴

The energy cost burden relative to income is rising to untenable levels for much of our state’s working class. According to the US Department of Energy, South Carolina is among the worst five states in the country in terms of the percentage of their total earnings that low-income people spend on energy bills.¹⁵ Instead of raising rates through fixed-charge increases that disincentivize energy savings and disproportionately hurt low-income customers, DESC should be investing in energy efficiency programs to alleviate high energy burdens. According to research from the American Council for an Energy-Efficient Economy (“ACEEE”), energy efficiency programs can reduce low-income energy burdens by 35%.¹⁶

In its annual State Energy Efficiency Scorecard, ACEEE ranks South Carolina 40th in the nation, with an overall efficiency score of 10.5 out of 50 and a utility-specific score of just 1.5 out of 20.¹⁷ Environmental and other public advocacy organizations like Southern Alliance for Clean Energy, South Carolina Coastal Conservation League, Upstate Forever, and the State Conference of the NAACP have been persistently recommending gold-standard energy efficiency programs to DESC and the PSC to help our state catch up, but their research and recommendations have been ignored year after year.¹⁸ Despite most of these program models

¹⁴ Bonbright, James C. *Principles of Public Utility Rates*. New York, Columbia University Press, 1961. See page 112.

<https://www.raponline.org/wp-content/uploads/2016/05/powellgoldstein-bonbright-principlesofpublicutilityrates-1960-10-10.pdf>

¹⁵ US Department of Energy, Office of Energy Efficiency and Renewable Energy. “Low-Income Household Energy Burden Varies Among States — Efficiency Can Help In All of Them.” December 2018.

https://www.energy.gov/sites/prod/files/2019/01/f58/WIP-Energy-Burden_final.pdf

¹⁶ American Council for an Energy-Efficient Economy. “How energy efficiency can help low-income households in South Carolina.” Accessed Sept. 11, 2020.

<https://www.aceee.org/sites/default/files/pdf/fact-sheet/ses-southcarolina-100917.pdf>

¹⁷ Berg, Weston, et al. “The 2019 State Energy Efficiency Scorecard.” American Council for an Energy-Efficient Economy. October 2019. <https://www.aceee.org/research-report/u1908>

¹⁸ State Conference of the NAACP, et al. “Summary of Comments by the State Conference of the NAACP, South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, and Upstate

being cost-effective from all relevant parties' perspectives and proven to be beneficial in many other states, the PSC has so far failed to push the utilities to adopt efficiency measures necessary to ensure prudent cost management or fair and just rates for overburdened working families. The PSC's failure to direct the Company to make significant investments in cost-effective energy efficiency programs has also likely contributed to the perpetuation of racial discrepancies in energy burdens. In a new report released Sept. 10, ACEEE found that Black households spend 43% more of their income on energy costs than white households, with Hispanic households spending 20% more and Native American households spending 45% more.¹⁹

Total system electric demand tends to rise and fall with the broad economy, with the Great Recession in 2008 leading to a 17-month 5.1% drop in US electricity sales.²⁰ As noted earlier, the economic collapse due to COVID-19 is much worse than the Great Recession, and the associated long-term structural disruptions in the economy could delay any rebounds in electric demand indefinitely. In a June report, the Energy Information Administration projected that total electricity sales would be 5.2% lower in summer 2020 than in summer 2019, although this decline is expected to come from a 13% decline in the commercial sector and a 9% decline in industrial sales, and includes a projected 3% increase in residential demand due to quarantine measures that have forced residential customers to spend more than usual on electricity.²¹ After billions of dollars in ratepayer funds were fraudulently squandered on the failed V.C. Summer expansion, the Company's lower updated demand projections showed there was no need for the generating capacity anyway.²² In addition, as noted in its Application, DESC has already made substantial recent investments in strengthening the resiliency of its distribution and transmission lines. It is clear to CDSA that the Company is not facing difficulty in financing any necessary investments to maintain reliable electric service.

Simply put, DESC believes that its shareholders deserve for the Company to siphon away even more profits from our state during COVID-19 than it did during the test year ended Dec. 31, 2019. CDSA strongly disagrees and believes the PSC is duty-bound to deny any rate increase during this crisis unless there is a clear and immediate threat to the continuation of reliable service that cannot be mitigated through securitization or other forms of financing. Our grid is facing no imminent threats of rolling blackouts, and the Company has not attempted to make any case asserting that a denial of its rate request would change that. Allowing a rate increase

Forever." Docket No. 2020-106-A.

<https://dms.psc.sc.gov/Attachments/Matter/7fd6d15e-8643-4fb0-a90d-1a2079384a63>

¹⁹ Dreobl, Ariel, et al. "How High are Household Energy Burdens?" Sept. 10, 2020. American Council for an Energy-Efficient Economy. <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>

²⁰ <https://energycentral.com/ec/great-recession-and-us-power-market-implications-covid-recession>

²¹ US Energy Information Administration. "Short-Term Energy Outlook Supplement: Summer 2020 Electricity Industry Outlook." June 2020.

https://www.eia.gov/outlooks/steo/special/supplements/2020/2020_sp_01.pdf

²² Fretwell, Sammy. "Projected power needs fueled SCE&G nuke project – but the projections were wrong." *The State*. July 1, 2017. Updated July 2, 2017.

<https://www.thestate.com/news/local/article159243409.html>

at this time, simply to boost shareholder profits, would be an outrageous betrayal of the PSC's statutory mandate and could lead to a hitherto-unseen level of public backlash.

Other state utility regulatory commissions across the country have quickly dismissed rate requests during COVID-19. On June 29, the Indiana Utility Regulatory Commission ("IURC") definitively denied a multi-utility request to raise rates to recover lost revenue due to COVID-19, following a similar action by the Wisconsin Public Service Commission and statements from officials in Virginia and Michigan.²³ Among other objections, intervenors in the IURC proceeding noted that the proposed rate increase would be particularly detrimental and unreasonable to ratepayers if the current 5% reduction in demand turns out to be permanent or drops further.

We are facing a similar situation regarding demand uncertainty in South Carolina, and as a result, the test year ended Dec. 31, 2019, is not a sufficiently accurate reference point for expected demand and service costs in 2021 and beyond. The whole world has changed dramatically in 2020, and it would not be just to raise rates based on outdated demand data and sunk costs that could continue to be readily covered by existing financing sources. There is very little appetite among utility commissioners across the country for rate increases during COVID-19, and the PSC should do everything in its power to mitigate the ongoing suffering of ratepayers in this crisis, and to avoid the public outrage that would result if the Company's requested rate increase were to be approved.

In conclusion, CDSA is appalled by DESC's rate hike request and its plan to resume disconnections in the middle of the most disruptive pandemic and economic collapse in modern history. We strongly recommend that the PSC deny the Company's rate request and direct the utilities to extend the COVID-19 measures until after the state economy has stabilized and the "ability to pay" of low-income customers has returned to its level prior to the pandemic. This is a historic moment for the PSC, as we hope that the commissioners deeply reflect on the potentially catastrophic impact of their impending decisions on the future of our state.

Thank you for considering our concerns and recommendations. Please let us know if we can answer any questions.

Sincerely,

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²³ Penrod, Emma. "Regulators reject utility moves to recover revenue lost to COVID-19 as analysts, advocates see trend continuing." *Utility Dive*. July 7, 2020.
<https://www.utilitydive.com/news/regulators-reject-utility-moves-to-recover-revenue-lost-to-covid-19-as-anal/580899/>